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I

COMPLETION OF TEXTS OF TREA-
TIES OF PEACE WITH ITALY,
RUMANIA, BULGARIA, HUNGARY,
AND FINLAND

THE third session of the Council of Foreign Ministers which was held in New York City at the Waldorf-Astoria Hotel from November 4 to December 12, 1946, finally completed the texts of the treaties of peace with Italy, Rumania, Bulgaria, Hungary, and Finland. These texts have now been published and will be presented on February 10, 1947, for signature by the representatives of the states which participated in the Paris Peace Conference and which were at war with the enemy states in question. The United States was not at war with Finland and consequently will not be a party to the peace treaty with Finland. They will enter into force immediately upon ratification

by the Allied states signatories to the respective armistices and by France in the case of Italy.

Although it had been hoped that time would permit the Council of Foreign Ministers to draw up final texts of these treaties in Paris following the close of the Paris Peace Conference, this task proved to be impossible in view of the forthcoming meeting of the General Assembly of the United Nations in New York, which certain of the Foreign Ministers desired to attend in person. Secretary of State Byrnes therefore invited the Council of Foreign Ministers to meet in New York concurrently with the General Assembly in order to avoid any further delay in the completion of these five peace treaties. The purpose of this session of the Council of Foreign Ministers, which was the third devoted to the drafting of these peace treaties, was to consider the recommendations of the Paris Peace Conference and to endeavor to agree upon the final texts.

Secretary Byrnes had since the April-May meeting of the Council of Foreign Ministers urged the calling of the Paris Peace Conference, which met from July 29 until October 15, believing that all members of the United Nations who had participated actively in military operations against the European members of the Axis were entitled to be given a full opportunity to make known their views and to have those views taken into consideration. Furthermore, the members of the Council of Foreign Ministers had solemnly agreed to "give the fullest consideration" to and "not reject arbi-

trarily" the recommendations from this Conference. Secretary Byrnes had also pointed out on a number of occasions that the recommendations of this Conference should be of great assistance to the Council of Foreign Ministers in finding solutions to the issues on which they had been unable to agree.

The Paris Peace Conference, through long discussion both in the commissions and in plenary sessions, had given the fullest possible consideration to every aspect of the peace treaties and had adopted 59 recommendations by two-thirds majority and 48 recommendations by a simple majority. For the most part, these recommendations related to questions which the Council of Foreign Ministers, despite protracted negotiation and discussion, had left in disagreement or had not considered. Thus the third session of the Council of Foreign Ministers in considering those issues which had previously divided the Council and Conference had the advantage of formal recommendations on these and other issues by the 21 nations at the Paris Conference. These recommendations and especially those backed by two thirds of the members of the Conference were a new factor in the work of the Council of Foreign Ministers and played a large if not determinant part in settling the still unsolved issues in these treaties. In effect the final texts of these treaties reveal that on the majority of issues final agreement was based upon the recommendations returned to the Council of Foreign Ministers by the Paris Conference.

This agreement was particularly evident in regard to the draft statute of the Free Territory of Trieste. Although the Council of Foreign Ministers last July had reached an agreement on the internationalization under the United Nations of this territory and on its proposed boundaries, no agreement had been reached by the special Commission on Trieste appointed by the Council of Foreign Ministers on the principles which were to govern the temporary regime and on the permanent statute for the area. Secretary Byrnes had made it clear that the United States, having agreed—contrary to its original position—to the internationalization of this area, was determined that the proposed Free Territory should be genuinely international in character and not a hotbed of friction and dispute between Italy and Yugoslavia. In view of the tension existing in the area and the rivalry between these two countries, the United States believed it to be essential that the representatives of the Security Council and the United Nations who were to assume responsibility for the integrity and security of this area must have adequate powers to discharge these responsibilities. As a neutral figure—representative of the United Nations as a whole—the proposed Governor for the Free Territory of Trieste would have no interest except to safeguard the security of the area and to promote the well-being and preserve the rights and freedoms of the inhabitants. The representatives of Great Britain and France had held similar views. The Soviet representative,

however, had supported the claims of Yugoslavia to a special and privileged position in this territory and had opposed the granting to the Governor and to the United Nations what the United States regarded as absolutely essential powers for the maintenance of the international character and stability of the area. By a two-thirds vote the Paris Conference recommended the adoption of a French compromise proposal setting forth the principles for the organization of the Free Territory of Trieste, which were in basic accord with the views of the British and American Governments.

At the New York session of the Council of Foreign Ministers the principles for the permanent statute and provisional regime of the Free Territory of Trieste as recommended by the Conference were incorporated in a final draft after protracted negotiation. The statute as finally agreed upon has been incorporated as an annex to the peace treaty for Italy. If backed by an honest intention on the part of the states directly concerned to implement this statute as written, it provides the framework for the creation and maintenance of a genuine international regime for this troublesome and disputed area.

After agreement on the statute for the Free Territory of Trieste had been reached, the only other questions of importance still in dispute related to reparations, other economic clauses, and the question of freedom of navigation on the Danube River.

The reparation problem proved to be one of the most difficult. Marked difference in attitude existed between countries which had been devastated by one or another of these ex-enemy states and which therefore felt entitled to the maximum amounts possible, and between countries like the United States which felt that the most important thing was to build for a future in which the ex-enemy states would have some prospect of economic recovery. In the cases of Rumania, Hungary, and Finland, the reparation terms as set forth in their armistices provided for \$300,000,000 of commodities at 1938 prices. Although the United States argued at great length that these three countries were not identical in the degree of their aggression nor equal in their capacity to pay, this Government was unable to obtain any change in the established arrangements which had already been implemented by bilateral agreements. In the case of Bulgaria, where the reparation terms were not fixed in the armistice, the situation was reversed, the Soviet Union arguing for an extremely low reparation obligation. Actually, the figure of \$70,000,000 which was agreed on is not far out of line when compared with the obligation of Rumania, but it does throw into sharp contrast the burden of reparations placed on Hungary and Finland.

The problem of reparation is much simpler in the case of those four countries which were all net exporters than in the case of Italy. In order to find a practical means for payment by Italy,

the formula previously agreed upon for Italian reparation to the Union of Soviet Socialist Republics—namely, that the reparation-receiving country must supply the required raw material—was utilized in connection with the other recipients. There were two particularly difficult problems: that of the relative treatment of Greece and Yugoslavia and that of whether Albania should be included at all. The first problem was resolved by giving Greece and Yugoslavia each the same total amount of \$150,000,000 from Bulgaria and Italy. The second problem was resolved by giving a smaller payment of \$5,000,000 to Albania.

It is also important to note that the commercial-policy provisions which this Government has urged from the very start are now incorporated in the treaties. These provisions establish, for a period of 18 months, an obligation on the part of the ex-enemy state not to discriminate among nations in matters pertaining to commerce and industry. This requirement is limited to 18 months in order to permit the concluding of commercial treaties. Furthermore, that period of time should determine whether international trade throughout the world will follow the liberal principles outlined in the American proposals for the expansion of world trade or whether various countries themselves will revert to discriminatory and restrictive-trade regulation. A similar provision with respect to aviation rights, including

the first two freedoms of the air, is included in each treaty.

The question of including a clause expressing acceptance of the principle of free navigation on that great European waterway in the peace treaties with the ex-enemy states bordering on the Danube had been the subject of long dispute and acrimonious debate at previous sessions of the Council of Foreign Ministers, particularly at the Paris Peace Conference. In this case again the Conference had voted by a two-thirds majority for the inclusion in the appropriate treaties of some statement of the important principle of free navigation. It is gratifying to report that at the New York meeting the Soviet objections on this score were overcome, and the three Balkan treaties include the following statement of principle: "Navigation on the Danube shall be free and open for the nationals, vessels of commerce and goods of all States on the footing of equality with regard to port and navigation charges and conditions for merchant shipping." In order to reduce this general principle to specific operation, the Council of Foreign Ministers has agreed to call a conference within six months in which the United States, Great Britain, the Soviet Union, and France would participate, as well as the countries in the Danubian basin, for the purpose of establishing an international regime with respect to the Danube. The United States has very little direct interest in the Danube as such. The great concern of the United States has been to do all that it could to remove artificial

barriers and discriminatory practices from national trade regulations and specifically from this vital waterway in southeastern Europe.

Other economic articles which dealt with such problems as restitution, compensation for damages, ex-enemy property in the United Nations, and the reinstatement of debt obligations posed certain difficulties of one kind or another; however, it is believed that the interests of the United States have been safeguarded so far as possible under the circumstances.

After more than 15 months since the opening session of the Council of Foreign Ministers set up by the Potsdam Conference to draft in the first instance treaties of peace with Italy and the former satellite states, the final texts of these treaties have now been completed. It cannot be said that the treaties themselves are entirely satisfactory, and, as Secretary Byrnes said in discussing the drafts presented to the Peace Conference, they are "not the best which human wit could devise", but they do represent the best which could be reached by unanimous agreement among the members of the Council of Foreign Ministers. When they enter into effect, despite their imperfections, they will be the first real step forward toward the return to normal peacetime conditions for these countries. They will bring to an end armistice regimes giving to the occupying power almost unlimited control over the national life of these countries, and they will, in some cases, mean the complete withdrawal of and, in others, major reduction in the occupy-

ing forces which, since the end of the war, have imposed such heavy burdens on their national economies. Finally, the treaties will permit Italy, Rumania, Bulgaria, Hungary, and Finland to reassume their responsibilities as sovereign states in international affairs and will afford them an opportunity to qualify for membership in the organization of the United Nations.

II

PRELIMINARY PLANS FOR PEACE SETTLEMENTS WITH GERMANY AND AUSTRIA

In addition to completing final texts of the five peace treaties the Council of Foreign Ministers, as had been agreed in Paris, devoted several meetings of its New York session to the German and Austrian questions. As early as May 1946 Secretary Byrnes had endeavored without success to obtain agreement for the setting up of special deputies to start the preliminary work for the eventual peace settlement with Germany and to prepare a draft settlement with Austria so that without undue delay the Council of Foreign Ministers could take up these two questions vital to the entire future of Europe. The Soviet Government in May and again in July had been unwilling to agree to these proposals and had maintained that further study was required before deputies could be appointed to begin actual work concerning either a future German settlement or an Austrian treaty. At the New York session, however, these objections were overcome, and the following are the main points in the agenda adopted for the next meeting of the Council of

Foreign Ministers to be held in Moscow on March 10, 1947:

1. Consideration of the report from the Allied Control Council;
2. Consideration of the form and scope of the provisional political organization of Germany;
3. Preparation of a peace treaty with Germany, taking into account the report to be received from the deputies and also including consideration of boundary questions, questions of the Ruhr and Rhineland, and others;
4. United States draft disarmament and demilitarization treaty and other measures for political, economic, and military control of Germany;
5. Consideration of the report already submitted by the Committee of Coal Experts; and
6. Consideration of the report of the deputies on the Austrian treaty.

The deputies appointed for discussion of German questions, who are now meeting in London, were instructed to: (a) hear the views of governments of neighboring Allied states and of other Allied states who participated with their armed forces in the common struggle against Germany and who wish to present their views on the German problem; (b) consider questions of procedure with regard to the preparation of a peace treaty for Germany; and (c) submit a report on the above matters to the Council of Foreign Ministers by February 25, 1947.

The deputies appointed for Austria were instructed to: (a) proceed with the preparation of

a treaty recognizing the independence of Austria, taking into consideration the proposals already submitted by the Governments of the United States and the United Kingdom, as well as any further proposals which may be submitted by any member of the Council of Foreign Ministers; (b) hear the views of the governments of neighboring Allied states and of other Allied states who participated with their armed forces in the common struggle against Germany and who wish to present their views on the Austrian problem; and (c) submit proposals on the above matters to the Council of Foreign Ministers by February 25, 1947.

Thus, in addition to the completion of the five peace treaties which was its primary charge, the Council of Foreign Ministers at its third session in New York made the first real progress in the direction of the consideration of the even more important problems regarding the future of Germany and Austria.



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